

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 8205**

**BILL NUMBER:** HB 1907

**DATE PREPARED:** Jan 22, 1999

**BILL AMENDED:**

**SUBJECT:** Fire protection districts.

**FISCAL ANALYST:** Bob Sigalow

**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides that the property tax levy limits do not apply to property taxes imposed by a fire protection district for a Cumulative Firefighting Building and Equipment Fund.

**Effective Date:** January 1, 2000.

**Explanation of State Expenditures:** Cumulative Building and Equipment Fund levies do not qualify for property tax replacement credit (PTRC). If a district currently chooses to impose the Cumulative Fund levy, then it may not use that levy authority for its General Fund. Consequently, the state does not pay PTRC on the Cumulative Fund portion of the maximum levy. If the district currently chooses to use its entire levy authority for its General Fund, then PTRC is paid on the entire levy.

The state would not incur any additional PTRC obligation for the districts that currently do not have cumulative funds. However, since four districts currently have cumulative fund levies totaling \$115,500 (as explained below in local revenues), the state's actual PTRC payment could rise by as much as \$23,100 under this proposal. The state's potential obligation for PTRC really isn't impacted by this proposal since the districts can currently use their entire max levies for their General Funds if they chose to do so, with the state paying PTRC on the entire amount.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, a county, municipality, township, or a fire protection district may impose a Cumulative Building and Equipment Fund tax rate not to exceed \$0.10. The fund may be used to purchase or lease fire fighting and EMS equipment and to purchase, construct, or renovate buildings used for fire or EMS purposes. The levy for the fund is subject to the maximum permissible levy

for fire protection districts, but it is not included in a township's maximum levy.

This bill would allow fire protection districts to also levy the Cumulative Building and Equipment Fund outside of the districts' maximum levies. In 1998, there were forty-five fire protection districts with a total statewide assessed value of \$1.7 billion. Four districts currently have a levy for the Cumulative Building and Equipment Fund totaling \$115,500 in CY 1998. If all of the districts adopted the cumulative fund rate at the \$0.10 tax rate, the statewide total levy would be about \$1.7 million. This is the maximum increase in tax levies for the currently organized districts under this proposal.

An increase in the district's levy could also cause an increase in the district's share of county adjusted gross income tax (CAGIT), county option income tax (COIT), excise tax, and financial institutions tax (FIT) revenues. These taxes are distributed to local units based on a unit's share of the total of all levies in the county. An increase in these revenues for the district would come at the expense of other units in the county.

The actual fiscal impact is dependent on local action.

**State Agencies Affected:** State Board of Tax Commissioners.

**Local Agencies Affected:** Fire protection districts.

**Information Sources:** Local Government Database.